

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

December 8, 2021

Bear Ridge Family Apartments, located at 1989 Spenceville Road in Wheatland, requested and is being recommended for a reservation of \$1,278,238 in annual federal tax credits and \$4,400,000 in total state tax credits to finance the new construction of 47 units of housing serving large families with rents affordable to households earning 30-55% of area median income (AMI). The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 4 and Assembly District 3.

The project financing includes state funding from the MHP program of HCD.

Project Number CA-21-702

Project Name Bear Ridge Family Apartments
Site Address: 1989 Spenceville Road
Wheatland, CA 95692 County: Yuba
Census Tract: 408.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,278,238	\$4,400,000
Recommended:	\$1,278,238	\$4,400,000

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Building Better Partnerships, Inc.
Contact: Gustavo Becerra
Address: 1455 Butte House Road
Yuba City, CA 95993
Phone: 530.671.0220
Email: g.becerra@regionalha.org

General Partner(s) or Principal Owner(s): TPC Holdings IX, LLC
Building Better Partnerships, Inc.
General Partner Type: Joint Venture
Parent Company(ies): The Pacific Companies
Building Better Partnerships, Inc.
Developer: Pacific West Communities, Inc.
Bond Issuer: California Municipal Finance Authority (CMFA)
Investor/Consultant: Boston Financial
Management Agent: Buckingham Property Management

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 4
 Total # of Units: 48
 No. / % of Low Income Units: 47 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt

Information

Housing Type: Large Family
 Geographic Area: Capital Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 10	21%
40% AMI: 2	4%
50% AMI: 27	57%
55% AMI: 8	17%

Unit Mix

24 2-Bedroom Units
 24 3-Bedroom Units

 48 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
4 2 Bedrooms	30%	\$471
19 2 Bedrooms	50%	\$785
6 3 Bedrooms	30%	\$543
2 3 Bedrooms	40%	\$725
8 3 Bedrooms	50%	\$906
8 3 Bedrooms	55%	\$996
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$611,667
Construction Costs	\$16,800,271
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$840,000
Soft Cost Contingency	\$120,000
Relocation	\$0
Architectural/Engineering	\$495,000
Const. Interest, Perm. Financing	\$1,025,000
Legal Fees	\$50,000
Reserves	\$147,086
Other Costs	\$2,259,889
Developer Fee	\$3,206,281
Commercial Costs	\$0
Total	\$25,555,194

Residential

Construction Cost Per Square Foot:	\$358
Per Unit Cost:	\$532,400
True Cash Per Unit Cost*:	\$511,436

Construction Financing

Source	Amount
California Bank & Trust: Tax-Exempt	\$13,500,000
California Bank & Trust: Taxable	\$7,000,000
Regional Housing Authority	\$339,822
Deferred Costs	\$147,086
Deferred Developer Fee	\$3,206,281
Tax Credit Equity	\$1,362,005

Permanent Financing

Source	Amount
California Bank & Trust: Tax-Exempt	\$1,300,000
HCD - MHP	\$8,565,326
Regional Housing Authority	\$339,822
Deferred Developer Fee	\$1,006,281
Tax Credit Equity	\$14,343,765
TOTAL	\$25,555,194

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,581,491
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$31,955,938
Applicable Rate:	4.00%
Maximum Annual Federal Credit:	\$1,278,238
Total State Credit:	\$4,400,000
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,206,281
Investor/Consultant:	Boston Financial
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.81992

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The current legal description is part of a larger site and the project site’s parcel (legal description and APN) have not yet been finalized. The legal description and APN must be completed as part of the placed in service package.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.